



**Director of
Central
Intelligence**

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CENTRAL AMERICA: Civilian-Military Relations

//The Christian Democrats designated junta President Duarte their candidate for provisional president in order to improve their prospects in the constituent assembly election on Sunday.

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//The provisional president is to be chosen by the constituent assembly, and, in proclaiming Duarte their candidate, the Christian Democrats are challenging the other parties to name their candidates as well.

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Comment: The Christian Democrats, concerned that they are losing electoral strength to the right, hope to capitalize on Duarte's popularity and simultaneously force the other parties to name candidates who will suffer by comparison with the charismatic leader.

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Honduras-Nicaragua Tensions

//In the third maritime incident in a week, a Nicaraguan patrol boat reportedly overtook at least two Honduran fishing boats along the Caribbean coast of the two countries. The Honduran Air Force scrambled several Super Mystere fighters, which claimed to have hit the Nicaraguan patrol boat. The Nicaraguans fired at and hit a Honduran plane and then returned to port with the captured boats and crews.//

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Comment: Recent incidents on both coasts and inland border areas are symptomatic of the increasing tensions and suspicion between the two countries.

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MIDDLE EAST: West Bank Repercussions

The Israeli Government's handling of unrest in the West Bank is coming under mounting criticism from opponents at home and from Arab governments.

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Prime Minister Begin's government today faces three no-confidence motions as a result of its West Bank policy. The leader of the opposition Labor Alignment admitted yesterday, however, that there was little chance that Begin would be turned out.

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Egyptian officials have expressed regret over the violence, and the Cairo press has warned that Israel's actions could endanger the autonomy process. Syria and the PLO are planning to ask for an emergency session of the UN Security Council this week to consider the disturbances.

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Comment: The student-led demonstrations and rising criticism at home and abroad will have little impact on Tel Aviv's determination to use whatever force is necessary to put down the unrest, which it regards as PLO inspired. Defense Minister Sharon said yesterday that he views the unrest as a test of Israel's efforts to break the back of PLO influence. He ordered curfews in two major towns and several refugee camps to continue.

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The violence will complicate efforts to activate the autonomy negotiations, which are now in abeyance because of Egypt's rejection of Israel's demand that part of the next round of talks be held in Jerusalem. Cairo will be reluctant to negotiate while Arab and Palestinian attention is focused on the unrest.

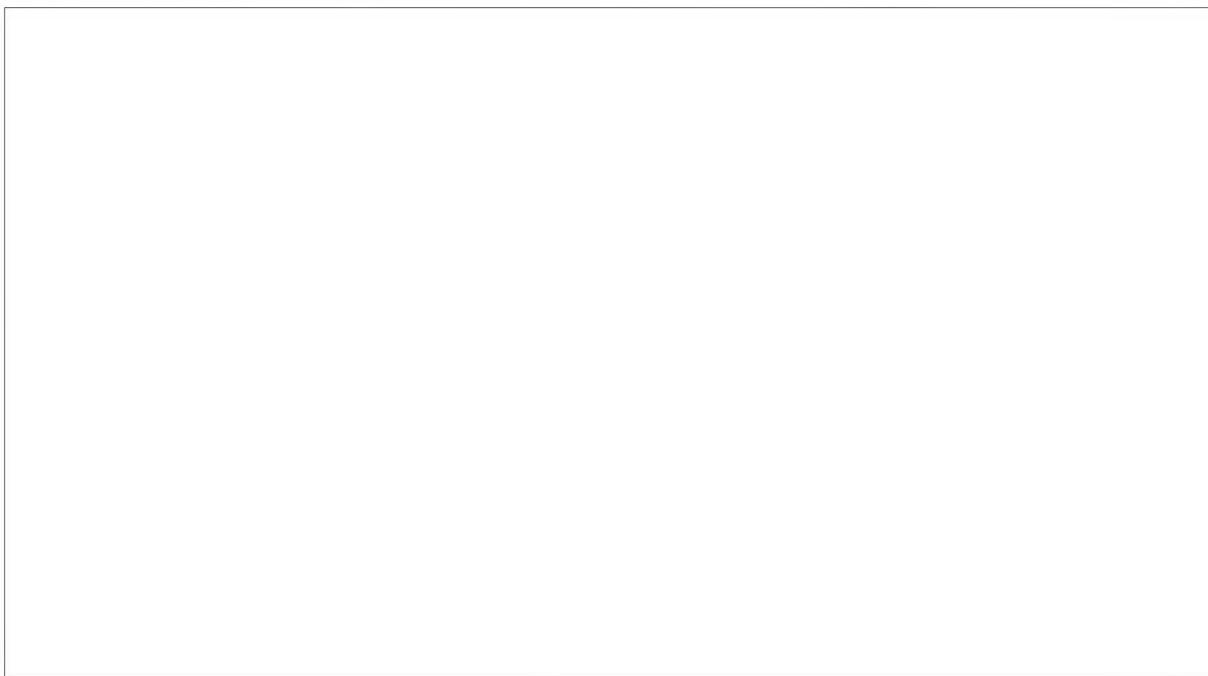
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SAUDI ARABIA - LIBYA: Quarrel Intensifies

Saudi religious leaders, with at least the tacit approval of the government, have issued an Islamic legal opinion branding Libyan leader Qadhafi an unbeliever. The action responds to speeches by Qadhafi earlier this month naming Saudi Arabia as the number-one enemy of Islam.

The Saudis reportedly intend also to urge Libya's expulsion from the Islamic Conference, the Arab League, and the OAU. Libya has reacted by denouncing the Saudi religious establishment.

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Comment: The condemnation by the conservative Saudi religious leaders carries no legal force outside Saudi Arabia, but its publication probably precludes the Libyan leader from making the pilgrimage to Islam's two holiest cities. It may well damage Qadhafi's standing with some devout Libyans, but this will not threaten his hold on power. Saudi urgings are unlikely to lead to Libya's expulsion from the three international organizations.

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LIBYA-MALTA: Relations Improve

Libya and Malta have agreed to submit their dispute over drilling rights in the Mediterranean to the International Court of Justice. A communique issued over the weekend states that trade ties and joint economic ventures will be renewed--Libya's ban on Maltese goods already has been lifted--and that political and economic relations will be strengthened. Relations between Malta and Libya have been strained since August 1980, when Libyan gunboats forced an oil-drilling rig leased by Malta to leave the disputed waters.

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PAKISTAN: Widening Discontent

Police last week forcibly dispersed a teachers' strike in Lahore, the capital of Punjab Province, and 14,000 teachers were detained on Sunday in Islamabad to prevent a similar demonstration. These disturbances follow an attempt to organize a protest rally in the North-West Frontier Province a week ago and student protests elsewhere. President Zia on Sunday stated that the country is not ready for elections because of the recent incidents.

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Comment: Zia must maneuver cautiously, however, because a harsher clampdown on dissent could provoke further unrest. Punjab Province is the political center of Pakistan, and protest demonstrations there could quickly develop antigovernment overtones. Zia hopes his relatively restrained treatment of the protesters will avoid a confrontation between the people and martial law authorities, which could erode his support within the Army.

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SPECIAL ANALYSIS

WESTERN EUROPE: Responding to Brezhnev

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//President Brezhnev's initiative last week announcing a moratorium on the deployment of medium-range missiles in Europe has so far had little impact in Western Europe. The initiative does not significantly increase NATO's problems in deploying modernized intermediate-range nuclear forces, although opponents of INF and Allied governments are looking to Washington for public demonstration that the Geneva talks are not stalemated. Most West European governments and informed groups have expected this sort of move by the Soviets and are aware that the moratorium would simply freeze Soviet superiority in INF systems.//

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//Brezhnev's latest offer is typical of the frequently ineffective Soviet diplomatic effort to influence Allied governments' policy on INF. It has been presented too late to have the same impact in Western Europe that might have resulted had Moscow halted its SS-20 deployments before the NATO decision of December 1979 to deploy modernized INF. In addition, West European perceptions of an implied threat to retaliate against the US by placing missiles in Cuba has undercut the "peace" image the Soviets tried to cultivate.//

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//NATO Defense Ministers, meeting today and tomorrow as the Alliance's Nuclear Planning Group, probably will find substantial common ground in dealing with the moratorium issue. Allied representatives in initial consultations have rejected the Soviet position, describing the implied threat of retaliation as counterproductive.//

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//The Soviet demand to consider UK and French national nuclear forces as part of the INF issue poses a greater potential problem. Paris and London continue to defend exclusion of their strategic deterrents from the negotiations in Geneva.

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Public Reactions

//The UK has rejected Brezhnev's announcement outright. West Germany, Italy, Belgium, and the Netherlands, while skeptical of the Brezhnev initiative, have been careful not to disparage the sincerity of Soviet arms control efforts. These states, instead, are emphasizing the benefits of the zero option and that the Alliance is more serious than the USSR about INF arms control.//

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//Only Greek Prime Minister Papandreou and Danish Prime Minister Joergensen have praised the announcement. Papandreou called the moratorium a "very positive action," and he asserted that NATO's zero option includes US and Soviet aircraft and French and UK systems in the Geneva negotiations.//

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//Most West European media commentators have pointed out the inequities that are inherent in the Soviet offer. Some editorials and articles criticize the implied threat to put SS-20s in Cuba. Nevertheless, many commentators believe that Brezhnev's speech represents a sincere Soviet effort to advance the Geneva talks, and some are critical at the speed with which the US has rejected the moratorium idea.//

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//Even some opponents of INF seem less than enthusiastic with Brezhnev's offer. While they consider it a positive step, they continue to urge both superpowers to be more forthcoming on arms reduction plans. The moratorium announcement probably does not undermine Schmidt's efforts to convince his Social Democrats to reiterate support for NATO's position on INF at their congress next month.//

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//Brezhnev's speech also will not greatly affect well-advanced plans for peace demonstrations during the NATO summit in Bonn this June, except to the extent that Communists call upon the US to respond in kind to the moratorium while the majority of demonstrators will continue to attack NATO plans for INF modernization, some will make more balanced criticism of both superpowers.//

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Outlook

//Allied governments continue to endorse the zero option proposal, and the Defense Ministers will not urge the US to abandon it in the wake of Brezhnev's speech. Some may be tempted in the coming months, however, to include Soviet and US aircraft as well as UK and French strategic systems in the discussions at Geneva.//

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//The Allies are more interested now in tying INF to the START negotiations, which are still being organized. They are not satisfied with the language on START suggested by the US for the Nuclear Planning Group communique because they do not feel that it adequately reflects a desire for early START discussions.//

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